
Ways & Means Committee

SJR 8209

Brief Description: Requiring extraordinary revenue growth to be transferred to the budget stabilization account.

Sponsors: Senators Zarelli, Brown, Pflug, Carrell, Parlette, Swecker, Hewitt, Morton, Delvin, Stevens, King, Schoesler, Brandland and Becker.

Brief Summary of Bill

- Requires that extraordinary growth in general state revenues be transferred to the Budget Stabilization Account.

Hearing Date: 3/24/09

Staff: Kristen Fraser (786-7148)

Background:

A constitutional amendment approved by the voters in 2007 established the Budget Stabilization Account (BSA), often known as the "rainy day fund." Each year 1 percent of general state revenues (GSR) must be transferred into the BSA. The constitution defines GSR as all state revenues that are not dedicated to a particular purpose--GSR thus encompasses all state general fund revenues other than those attributable to the state property tax, which is statutorily dedicated to the common school system.

The Legislature may appropriate from the BSA with a constitutional majority vote if employment growth for a particular fiscal year is less than 1 percent, or if the Governor declares an emergency resulting from a catastrophic event that requires government action to protect life or public safety. Otherwise, appropriations from the BSA require a three-fifths vote of both houses of the Legislature.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

To the extent that the balance in the BSA exceeds 10 percent of GSR, the Legislature may appropriate the excess balance to the Education Construction Fund, which is statutorily dedicated to K-12 and higher education construction.

Summary of Bill:

At the close of each fiscal biennium "extraordinary revenue growth" must be transferred into the BSA. Extraordinary revenue growth is defined as the amount by which the GSR growth for that biennium exceeds by more than one-third the average growth rate of the previous five biennia. In determining the amount that must be transferred, historical GSR must be adjusted to reflect statutory changes to the dedication of state revenues. Extraordinary revenue growth must be transferred only to the extent that it exceeds the amount that would otherwise be transferred under the 1 percent per year requirement.

Appropriation: None.

Fiscal Note: Requested on March 19, 2009.